

# New association health plans offer insurance options for small employers, with some caveats



The U.S. Department of Labor has issued a final rule authorizing creation of so-called association health plans, which would allow small employers in a particular locality or industry to join together to purchase the kind of health insurance large employers have long been able to provide employees.

However, the rule would let AHPs offer less comprehensive coverage than the Affordable Care Act requires.

According to a DOL statement, “This reform allows small employers—many of whom are facing much higher premiums and fewer coverage options as a result of Obamacare—a greater ability to join together and gain many of the regulatory advantages enjoyed by large employers.”

Critics panned the June 19 announcement, calling association plans an attempt to undercut ACA protections. In particular, they said the rule was an end run around the ACA’s requirement for all health plans to cover “essential benefits” such as maternity care, prescription drug coverage and rehabilitative services.

A DOL statement said the rule amended the Employee Retirement and Income Security Act’s definition of “employer” to include groups of employers sharing common interests.

The statement said consumer protections and health care anti-discrimination regulations that apply to large businesses will also apply to AHPs. The plans may not deny coverage or charge higher premiums to individuals with pre-existing conditions or drop coverage when someone becomes ill.

America’s Health Insurance Plans, the trade group that represents insurance companies, offered only tepid support, saying “we remain concerned that broadly expanding the use of AHPs may lead to higher premiums for consumers who depend on the individual or small group market for their coverage. Ultimately, the rule could result in fewer insured Americans and may put consumers at greater risk of fraudulent actors entering this market.”

DOL analysts said the rule would help four million more Americans to buy health insurance.

The DOL received almost 1,000 public comments on the rule, the overwhelming majority of which opposed AHPs.

**ONLINE RESOURCE** Learn more at [www.dol.gov/general/topic/association-health-plans](http://www.dol.gov/general/topic/association-health-plans).